



Factsheet on the EU Budget and the UK Contribution

Summary/Soundbite

The budget for the whole EU is just 1% of the EU Member States' combined GDP¹.

The UK's net contribution to the EU budget in 2015 was £8.5 billion². In comparison, the summer 2015 UK budget foresaw total public expenditure of £743 billion, which is more than five times higher than the entire EU budget³!

Leaving the EU would not impact significantly on net UK public expenditure, but would represent a major risk to the UK economy. The EU accounts for 45% of British exports, and was the source of £496 billion of Foreign Direct Investment into the UK in 2014⁴.

Norway and Switzerland must both pay into the EU budget as part of arrangements to receive access to the EU single market, despite not being EU Member States.

A bit more detail...

UK contributions to, and receipts from, the EU budget, £ billion, 2009 - 2020

	Gross Contribution	Rebate	Total contribution (after rebate)	Public sector receipts	Net contribution
2009 (outturn)	14.1	-5.4	8.7	-4.4	4.3
2010 (outturn)	15.2	-3.0	12.2	-4.8	7.4
2011 (outturn)	15.4	-3.1	12.2	-4.1	8.1
2012 (outturn)	15.7	-3.1	12.6	-4.2	8.5
2013 (outturn)	18.1	-3.7	14.5	-4.0	10.5
2014 (outturn)	18.8	-4.4	14.4	-4.6	9.8
2015 (estimated)	17.8	-4.9	12.9	-4.4	8.5
2016 (forecast)	19.6	-4.3	15.3	-4.2	11.1
2017 (forecast)	17.8	-5.6	12.1	-4.3	7.9
2018 (forecast)	18.5	-4.8	13.7	-4.4	9.3
2019 (forecast)	19.7	-5.1	14.6	-4.9	9.8
2020 (forecast)	20.3	-5.5	14.8	-5.1	9.8

Sources:

HM Treasury, European Union Finances, latest edition published December 2015, Cm 9167

OBR. Economic and Fiscal Outlook - November, Supplementary Fiscal Tables, Table 2.25

OBR. Economic and Fiscal Outlook - November, Supplementary Economy Tables, Table 1.9

The UK government and households paid roughly £18 billion to the EU in 2015. This includes payments to the central EU budget as well as customs duties and agricultural levies. This 'gross payment' level is often quoted by UKIP as the total cost of EU membership.

¹ http://ec.europa.eu/budget/explained/myths/myths_en.cfm

² House of Commons Library Briefing Paper, 'In brief: UK-EU economic relations', 19 January 2016, pg. 1

³ The total EU budget for 2015 was approximately €145 billion:

<http://www.consilium.europa.eu/en/policies/eu-annual-budget/eu-budget-2015/>

⁴ House of Commons Library Briefing Paper, 'In brief: UK-EU economic relations', 19 January 2016, pg. 1

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But the UK gets much of that money back. Some through the UK rebate, and some through 'public sector receipts' from EU funds for agriculture and the Social and Regional Development funds. In 2015, these were worth over £9 billion combined. Additional EU funding also goes directly to the UK private sector (this is not reflected in the table above, but was estimated at £800 million in 2014⁵).

The EU budget targets areas where EU money can generate added value and benefits Europe as a whole, including the UK. For example, driving research and innovation is a key EU priority. Thanks to the excellence of its universities, the UK will be the second highest recipient of the EU's Horizon 2020 research fund, which is worth over €80 billion⁶. Between 2007 and 2013, the UK received €7 billion in EU funds for research⁷.

Only 6% of the EU budget is spent on administration. The EU budget framework for 2014-20 has been reduced compared to the previous 2007-13 framework⁸.

Additional Resources

House of Commons Library Briefing Paper, 'In brief: UK-EU economic relations', 19 January 2016:

<http://researchbriefings.files.parliament.uk/documents/SN06091/SN06091.pdf>

Professor Iain Begg, London School of Economics, 'Who pays for the EU and how much does it cost the UK? Disentangling fact from fiction in the EU budget:

<http://ukandeu.ac.uk/wp-content/uploads/2016/01/Who-pays-for-the-EU-and-how-much-does-it-cost-the-UK-Disentangling-fact-from-fiction-in-the-EU-Budget-Professor-Iain-Begg.pdf>

Information from the European Commission:

- [Country information on the UK and the EU budget](#)
- [Myths and facts on the EU budget](#)

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388882/EU_finances_2014_final.pdf

⁶ <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020>

⁷ <https://www.gov.uk/government/news/johnson-sets-out-measures-to-make-uk-best-place-in-world-to-do-science>

⁸ http://ec.europa.eu/budget/mycountry/UK/index_en.cfm